UNITED
NATIONS

DP

Executive Board of
the United Nations
Development Programme
and of the United Nations
Population Fund

Distr.
GENERAL

DP/1999/32
15 July 1999

ORIGINAL: ENGLISH

Third regular session 1999
13-17 September 1999, New York
Item 2 of the provisional agenda

UNDP FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

ANNUAL REVIEW OF THE FINANCIAL SITUATION, 1998

Report of the Administrator

SUMMARY

The present report reviews the financial situation of the United Nations Development Programme for 1998. It presents the financial analysis of all activities administered by UNDP. Detailed financial statistical information is contained in document DP/1999/32/Add.1.

The Executive Board may wish to note: (a) the continuing decline in voluntary contributions to UNDP regular resources; (b) the likeliness of the cash flow problem if donors do not comply with their commitment for early and timely payment of contributions; (c) the continuing increase in government cost-sharing activities; (d) the additional audit reports on the 1997 Combined Delivery Report received in 1998 and in the first half of 1999; (e) the managerial decision made by the Administrator to interpret the grant limit set up in the Financial Regulations 8.12 and 2.2M(ii) as applying to regular resources only.

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UNDP Overview: Statement of income and expenditure for the year ended 31 December

ABBREVIATIONS

CARERE	Cambodian Resettlement and Reintegration Programme
DESA	Department of Economic and Social Affairs of the UN Secretariat
FAO	Food and Agriculture Organization of the United Nations
GCCC	Government Cash Counterpart Contributions
GEF	Global Environment Facility
IAPSO	Inter-Agency Procurement Services Office
ILO	International Labour Organization
JPO	Junior Professional Officer
LDC	Least developed country
MSA	Management services agreement
NGO	Non-governmental organization
OHADA	Organization for the Harmonization of Business Law in Africa
PAPP	Programme of Assistance to the Palestinian People
RFA	Reserve for Field Accommodation
SMF/LDC	Special Measures Fund for the Least Developed Countries
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFSTD	United Nations Fund for Science and Technology for Development
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNOPS	United Nations Office for Project Services
UNRFNRE	United Nations Revolving Fund for Natural Resources Exploration
UNV	United Nations Volunteers

I. INTRODUCTION

1. The present report provides an overview of the financial condition of UNDP at the end of the year 1998 as well as the comparative figures for the year ended 31 December 1997. While UNDP continues to be successful in attracting other resources, the organization is greatly concerned by the continued decline in voluntary contributions. Expenditures have continued to exceed income, in line with projections to use resources as effectively as possible and to avoid large unexpended balances under regular resources. UNDP regular resources liquidity has now reached a level below the recommended minimum as articulated in document DP/1999/5, and, if future income continues to decline, there will be a high risk that the organization will borrow, at least temporarily, from its operational reserve.

2. In accordance with the harmonization of budget presentations, the following definitions should be noted:

(a) Regular resources activities: activities financed from voluntary contributions and related interest earnings and miscellaneous income. This category comprises core activities and the Special Measures Fund for Least Developed Countries;

(b) Other resources activities: activities financed from sources other than regular resources - as defined above - that are earmarked for specific programmes. Under this category fall cost-sharing, government cash counterpart contributions, and trust funds established by the Administrator. For presentation purposes, MSAs, the reimbursable support services and other activities (the JPO programme and RFA, among others) are included in other resources grouping;

(c) Funds administered by UNDP: the funds established by the General Assembly and administered by UNDP.

3. Furthermore, the redefinition of expenditure as a result of the new presentation of the biennial support budget is now divided into three elements:

(a) Programme support: expenditure incurred by organizational units (country offices and headquarters) whose primary function is the development, formulation, delivery and evaluation of the programmes of the organization;

(b) Management and administration: expenditure incurred by organizational units whose primary function is the maintenance of the identity, discretion and well-being of the organization;

(c) Support to operational activities of the United Nations: this consists of four elements that pertain essentially to the regular resources activities, namely, country offices support, the United Nations Development Group, UNV and IAPSO.

4. The review first analyses the financial situation of the regular resources, followed by the other resources and by the funds established by the General Assembly. Finally, before addressing other issues, an overview of the

overall aggregates is shown in the annex to the present paper. In conformity with the practice adopted two years ago, all tables in the narrative represent summary information of detailed data that can be found in the statistical addendum (DP/1999/32/Add.1) to the present document. Financial forecasts for the years 1999 and 2000 are not included in the report since the detailed forecasts by type of resources are presented in document DP/1999/31.

II. REGULAR RESOURCES

5. Regular resources activities shown in table 1 and in the accompanying figures comprise the core activities and those of the SMF/LDC. The present section first examines income, then expenditure, and lastly focuses on the balance of unexpended resources. Compared to 1997, the total income decreased by 1.7 per cent to $785 million and the total expenditure went down by 11.5 per cent to $881 million in 1998. Overall, there was a 25.6 per cent decline in the available resource balance (see figure 1).

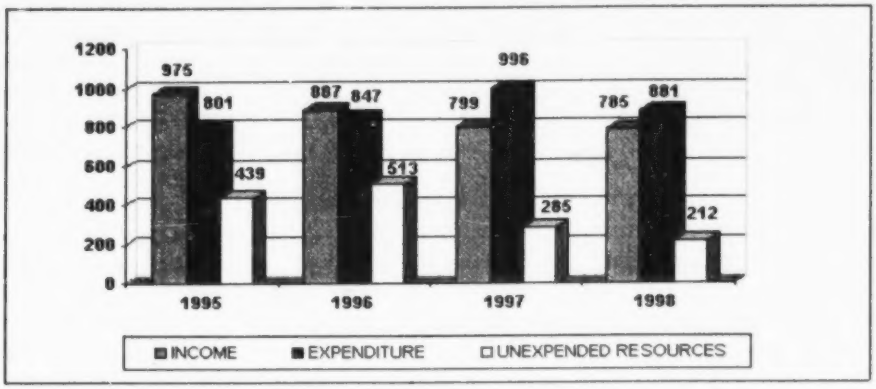
Table 1. Income and expenditure for the years ended 31 December 1997 and 1998
(millions of United States dollars)

	Regular resources		Change between 1998 and 1997 (percentage)
Income	1998	1997	%
Net contributions	745.7	760.9	(2.0)
Interest and other income	39.6	37.8	4.8
TOTAL INCOME	785.3	798.7	(1.7)
Expenditure			
Programme	587.6	654.3	(10.2)
Programme support:			
Implementing agents	38.9	53.7	(27.6)
Biennial support budget: net	234.2	240.8	(2.7)
Support to resident coordinator	11.0	6.4	71.9
UNDP sectoral support	0.5	5.7	(91.2)
Other expenditure and write-offs	(9.3)	(35.0)	(73.4)
TOTAL EXPENDITURE	881.5	995.9	(11.5)
Shortfall of income over total expenditure	(96.2)	(197.2)	(51.2)
Transfer from (to) the operational reserve	20.0	(30.0)	-
Savings, refunds and other transfers	3.3	(0.6)	-
Balance of unexpended resources, 1 January	285.0	512.8	(44.4)
Balance of unexpended resources, 31 December	212.1	285.0	(25.6)
Operational reserve	180.0	200.0	(10.0)
Total months of expenditure a/	5	6	

Reference: Table 1(a), DP/1999/32/Add.1

a/ This calculation totals the operational reserve and Balance of Unexpended Resources and is based on average monthly expenditure of $73 million in 1998 and $83 million in 1997.

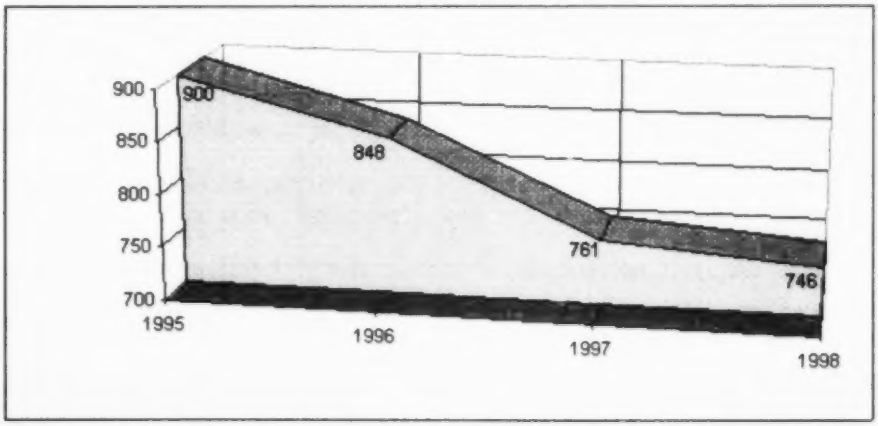
Figure 1. Regular resources activities, 1995-1998
(millions of United States dollars)



A. Income

6. As indicated in table 1 and depicted in figure 2, voluntary contributions to the regular resources (inclusive of SMF/LDC) fell by 2 per cent ($15 million) to $746 million in 1998. Contributions from the top 10 donor countries (Canada, Denmark, Germany, Japan, Netherlands, Norway, Sweden, Switzerland, United Kingdom and United States) were nearly stable, $656 million in 1998 (84 per cent of total contribution) and $652 million in 1997 (82 per cent of total contribution).

Figure 2. Regular resources contributions, 1995-1998
(millions of United States dollars)



7. A continued concern for the Administrator is the timing of payment of contributions, which are often remitted later in the year. So far in 1999, contributions of $290 million had been received as of 31 May 1999, which indicates progress compared to $251 million received as of the same period in 1998, the unpredictability of payment timing reduces the ability of UNDP to manage foreign exchange exposure to protect the value of pledges made in currencies other than United States dollars. The core funding strategy (Executive Board decision 98/23) highlights the need for greater predictability through multi-year pledges and fixed payment schedules. About $21 million in

pledges was unpaid at the end of 1998, a 25 per cent improvement from the $28 million unpaid at the end of 1997 [see table 11(a) of the addendum] and of which $16 million had not been received as of 31 May 1999. The six largest outstanding pledges as of 31 December 1998 accounted for $14 million (United States: $7.7 million; Chile: $1.6 million; Austria: $1.5 million; Guatemala: 1.1 million; Brazil: $1.0 million; and Dominican Republic: $0.6 million).

B. Expenditure

8. Total 1998 expenditure under regular resources declined to $881 million from $996 million in 1997, reflecting an adjustment to the lower contribution level. Expenditures continued to exceed income, as in 1997, in order to keep regular resources liquidity at a minimum.

9. Programme expenditure in 1998 decreased by 10 per cent to $588 million against $654 million in 1997. Expenditure for nationally executed projects, which covers the greater portion of programme expenditure, also decreased slightly (see figure 3). The use of the national execution modality accounted for 54 per cent of total programme expenditure in 1998 ($315 million) compared to 55 per cent in 1997; 51 per cent in 1996 and 41 per cent in 1995. The UNOPS share of regular resources programme expenditure continues to rise - 22 per cent in 1995; 25 per cent in 1996 and 1997 and 30 per cent in 1998. In contrast, the delivery of programme activities by the five largest United Nations specialized agencies continued to decline. In 1998, $58 million or 10 per cent of all programmes activities were undertaken by these agencies, down from 29 per cent in 1994 ($155 million); 21 per cent in 1995 ($100 million); 14 per cent in 1996 ($73 million); 12 per cent in 1997($76 million).

Table 2. Distribution of programme expenditure by execution modality for UNDP regular resources, 1996-1998
(millions of United States dollars)

Executing agency	Regular resources 1998	1997	1996
National execution	315	363	271
UNOPS	174	162	135
"Big five" agencies a/	58	76	73
Other agencies	30	45	58
Direct execution (UNDP)	9	8	-
NGOs	2	-	-
Total b/	588	654	537

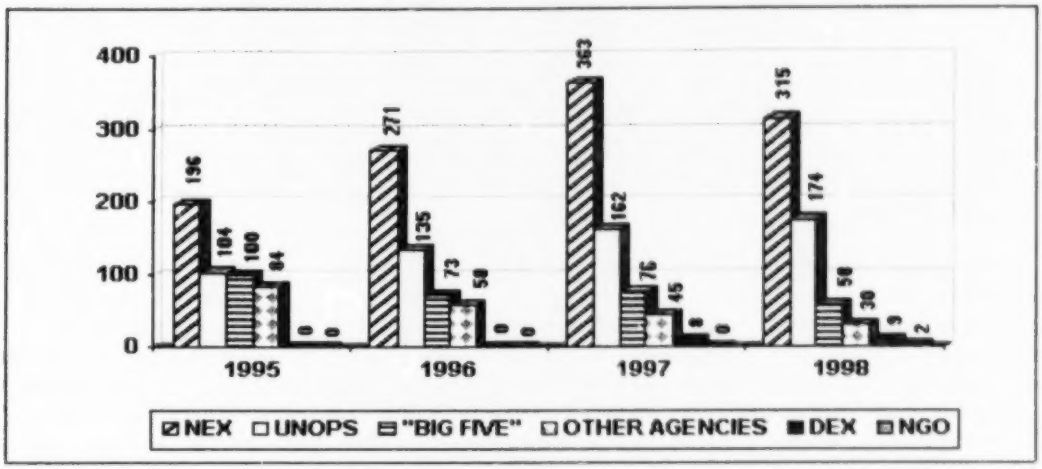
Reference: Table 14, DP/1999/32/Add.1

a/ DESA, FAO, ILO, UNESCO and UNIDO
b/ Expenditure spent in the LDC countries are: $302 million in 1998; $339 million in 1997: $281 million in 1996.

10. Percentage share of programme expenditure among the regions remained stable. Compared to 1997, delivery dropped in the Africa region, from $278 million to $244 million, and in the Asia and the Pacific region, from $201 million to $169 million. Although the Arab States region had doubled its yearly delivery in 1997, there was a slight decrease from $64 million in 1997 to $53 million in 1998. The Europe and the Commonwealth of Independent States region shows a steady climb in delivery to $44 million in 1998 from $37 million

in 1997 and $28 million in 1996. Expenditures in the Latin America and the Caribbean region also increased slightly by $4 million, compared to 1997.

Figure 3. Expenditure by execution modality: regular resources, 1995-1998
(millions of United States dollars)



11. Programme support paid to implementing agents dropped to $38.9 million, compared with $53.7 million in 1997 ($59.3 million in 1996). The decline in these support costs is a consequence of the increase in national execution and in the capacity of the programme countries to implement projects/programmes.

12. Programme support to resident coordinator. Following new programme arrangements that have made more funds available for the specific activities of the resident coordinator system effective 1997, expenditure incurred for this purpose has increased significantly from $6.4 million in 1997 to $11 million in 1998.

13. Biennial support budget. In keeping with the declining income and the decreasing programme expenditure, expenditure relating to the biennial support budget decreased by 3 per cent to $234 million in 1998 against $241 million in 1997. This marks the continuation of a trend in decreasing biennial support budget expenditure, bringing the total decreased over the last three-year period to $25 million. While this is fully in line with the Administrator's commitment to identifying maximum cost-savings in carrying out the activities of UNDP, he is concerned about the impact that such continued reduction will have on critical capacities of the organization. The 2000-2001 biennial support budget strategy is articulated in document DP/1999/31.

14. Other expenditure and write-offs. An extensive review of various accounts receivable revealed the need to write off balances that have been long outstanding and are unrecoverable. Write-offs totalling $1.8 million were charged against regular resources. This amount consists mainly of $1.7 million in advances to Governments. The write-off of $1.8 million is included in "other expenditure" of $9.3 million shown in table 1(a) of the addendum. The remaining balance of "other expenditure" is mainly comprised of net loss on foreign exchange adjustment ($7 million). The Executive Board may wish to note

that, following the recommendation of the External Auditor, miscellaneous expenditures such as loss on foreign exchange are now presented under "other expenditure" instead of being netted against the miscellaneous income.

C. Balance of unexpended resources

15. As at 31 December 1998, the balance of unexpended resources for regular resources activities amounted to $212 million, compared to $285 million as at 31 December 1997, a decline of 26 per cent ($513 million as at 31 December 1996). Total expenditure of $881 million exceeded total income of $785 million by $96 million and the voluntary contributions decreased by $15 million. As was the case in 1997, these two factors led to a continued reduction in the balance of unexpended resources.

16. The balance of unexpended resources shown in table 3 is the pool of resources available to finance the organization's activities. However, the availability of this balance depends on the degree of liquidity of the assets held. Cash and investments are the main liquid assets of UNDP. Other assets, net of liabilities, supplement investments to form the balance of unexpended resources. Other assets include advances to country offices and to other United Nations organizations. On the liability side, unliquidated obligations and other payables represent expenditure that has been incurred but not yet disbursed.

Table 3. Movement in the balance of unexpended resources, 1997 and 1998
(millions of United States dollars)

	1998	1997
Balance as at 1 January	285.0	512.8
Total income	785.3	798.7
Total expenditure (including support costs and other expenditure)	(881.5)	(995.9)
Savings on obligations of prior biennium	3.8	-
Transfer from(to) the operational reserve	20.0	(30.0)
Other transfers	(0.5)	(0.6)
Balance as at 31 December	212.1	285.0

Reference: Table 1(a), DP/1999/32/Add.1

17. The balance of unexpended resources as at 31 December 1998 is comprised of the elements shown in table 4.

Table 4. Composition of the balance of unexpended resources, 1997 and 1998
(millions of United States dollars)

	1998	1997
Cash and Investments	197.3	257.5
Net balance of advances made to programme countries for national execution projects	33.4	45.2
Net balance of advances to executing agents and payments on behalf of other UN agencies	-	18.4
Other advances, deferred charges and accrued interest	22.0	33.0
Expenditure incurred but not yet disbursed a/ (Unliquidated obligations, accounts payable, etc.)	(40.6)	(69.1)
Balance of unexpended resources	212.1	285.0

Reference: Table 1(b), DP/1999/32/Add.1

a/ Includes the balance of the Medical Insurance Plan of $14.5 million in 1998 and $12.4 million in 1997.

18. The level of investment held for regular resources decreased by $60 million (from $257 million as at 31 December 1997 to $197 million as at 31 December 1998). The balance of unexpended resources decreased by $72.9 million. The difference of $72.9 million is attributable to the movement in other assets, net of liabilities, as analysed in table 4.

19. As was noted by the Executive Board in document DP/1999/5, the Administrator has established that the normal range for UNDP regular resources liquidity, defined as the sum of cash and investments, should be the equivalent of regular resources expenditure.

20. At the end of 1998, UNDP held cash and investments totalling $377 million, inclusive of the operational reserve of $180 million. Based on total expenditure of $881 million, liquidity at the end of 1998 represented 5 months of expenditure, made up of approximately 3 months of working capital and 2 months of operational reserve. At the end of 1997, the liquidity position was $457 million (inclusive of the operational reserve of $200 million), representing nearly 6 months of expenditure - 3.5 months of working capital and 2.5 months of operational reserve.

21. The liquidity level of the organization was below its normal range at the end of the year. Over the first three to four months of a calendar year, the liquidity level generally drops further because of the delayed receipt of contributions. In 1998, the level of liquidity reached a low point of approximately 3 months of expenditure at the end of March, representing 0.5 months of working capital and 2.5 months of operational reserve. This underscores the critical nature of timely and early payments of contributions.

22. Movement in the liquid assets can be broken down as shown in table 5.

Table 5. Movement of liquid resources, 1997-1998
(millions of United States dollars)

	1998	1997
Opening balance, 1 January		
Cash and investments	257.5	457.1
Income	785.3	798.7
Expenditure	(881.5)	(995.9)
Savings on obligations of prior biennium	3.8	-
Transfer from(to) operational reserve	20.0	(30.0)
Other transfers	(0.5)	(0.6)
Subtotal	(72.9)	(227.8)
Net change in advances made to Governments, executing agents, expenditure incurred but not yet disbursed, etc.	12.7	28.2
Closing balance, 31 December a/		
Cash and investments	197.3	257.5

Reference: Table 1(a,b), DP/1999/32/Add.1

a/ This balance of liquid assets is in addition to the investments held for the operational reserve ($180 million in 1998 and $200 million in 1997).

III. OTHER RESOURCES

23. The other resources activities, which comprise mainly government cost-sharing, third-party cost-sharing, government cash counterpart contributions, trust funds, MSAs and the JPO programme now represent about two thirds of all activities managed by UNDP (see annex to the present paper). For presentation purposes, the reimbursable services as well as the activities under the RFA are also included in other resources. In 1998, there was an overall increase in other resources income, expenditure, and the balance of unexpended resources (see figure 4), mostly attributable to government cost-sharing, as evidenced in figures 5 and 6. The following analysis looks separately at each of the main components: cost-sharing; MSAs; trust funds; the JPO programme; and the RFA.

Figure 4. Other resources activities, 1995-1998
(millions of United States dollars)

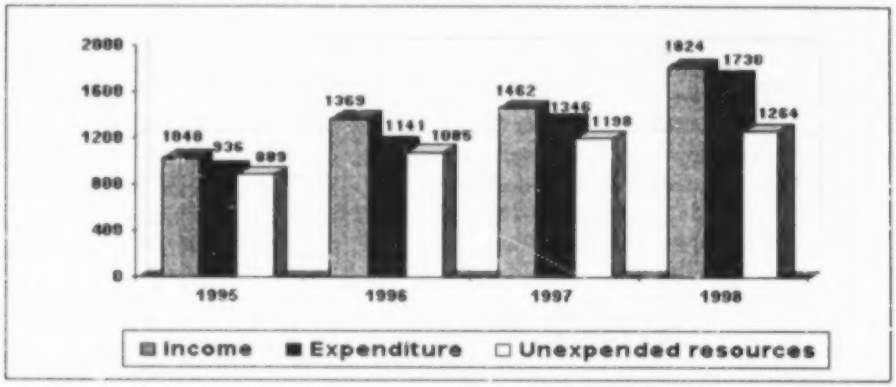
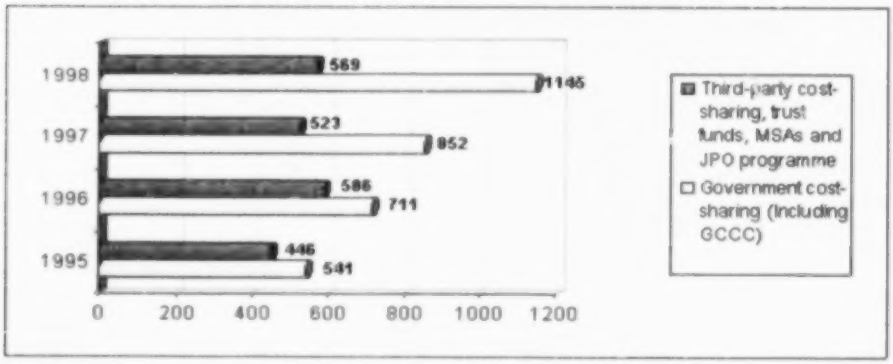


Figure 5. Earmarked contributions, 1995-1998
(millions of United States dollars)

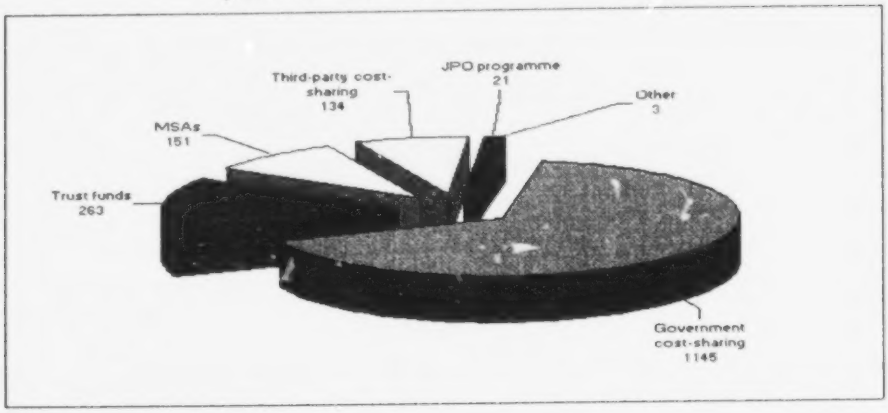


A. Cost-sharing

1. Income

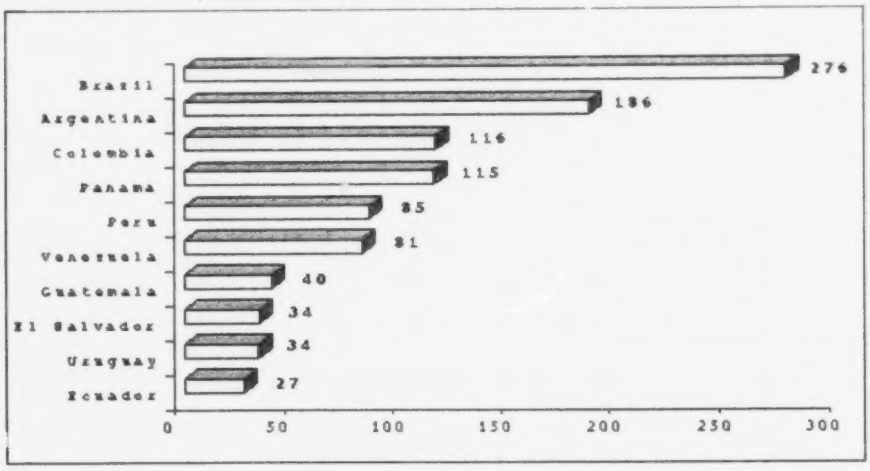
24. Continuing an upward trend that has become evident in the last several years, contributions for cost-sharing activities reached $1.27 billion in 1998 from $941 million in 1997, an upswing of $334 million (36 per cent). As shown

Figure 6. Income: 1998 other resources
(millions of United States dollars)



in table 6 and in figure 6, the overall increase in cost-sharing contributions comprises both government cost-sharing contributions, which increased from $843 million in 1997 to $1.14 billion in 1998 (36 per cent), and third-party contributions, which rose from $98 million in 1997 to $134 million in 1998 (37 per cent). Ten programme country Governments (Argentina, Brazil, Colombia, Ecuador, El Salvador, Guatemala, Panama, Peru, Uruguay and Venezuela) contributed $20 million or more and accounted for 87 per cent of the total government cost-sharing contributions (86 per cent in 1997) (see figure 7).

Figure 7. 1998 Government cost-sharing: top ten donors
(millions of United States dollars)



2. Expenditure

25. Programme expenditure rose by $304 million to $1.15 billion in 1998 from $850 million in 1997, an increase of 36 per cent, in line with the rate of increase in contributions (36 per cent). On average, the support costs paid to the implementing agents are more or less stable (1.5 per cent of 1998 programme expenditure against 1.4 per cent in 1997).

26. The biennial support budget expenditure, which represents the support services paid by cost-sharing activities to UNDP was stable at $40 million or 4 per cent of the total cost-sharing programme expenditure in 1998, compared to 5 per cent in 1997.

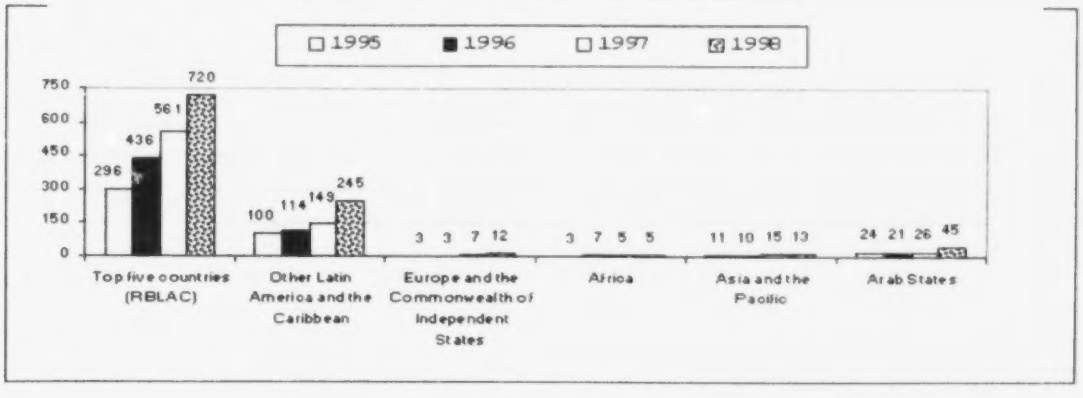
Table 6. Income and expenditure for the years ended 31 December 1997 and 1998
(millions of United States dollars)

	Cost-sharing		Change between 1998 and 1997 (percentage)
Income	1998	1997	
Government cost-sharing net contributions	1 141.1	843.4	35.3
Third-party cost-sharing net contributions	134.1	97.6	37.4
Interest income	23.0	18.3	25.7
TOTAL INCOME	1 298.2	959.3	35.3
Expenditure			
Programme: Government cost-sharing	1 019.6	752.3	35.5
Third-party cost-sharing	134.0	98.0	36.7
Programme support: implementing agents	17.3	11.7	47.9
Biennial support budget: net	40.6	40.2	1.0
TOTAL EXPENDITURE	1 211.5	902.2	34.3
Net excess of income over expenditure	86.7	57.1	51.8
Refunds and other transfers	0.1	0.3	(66.7)
Balance of unexpended resources, 1 January	572.8	515.4	11.1
Balance of unexpended resources, 31 December	659.6	572.8	15.2
Balance in months of expenditure	7	8	

Reference: Table 3(a), DP/1999/32/Add.1

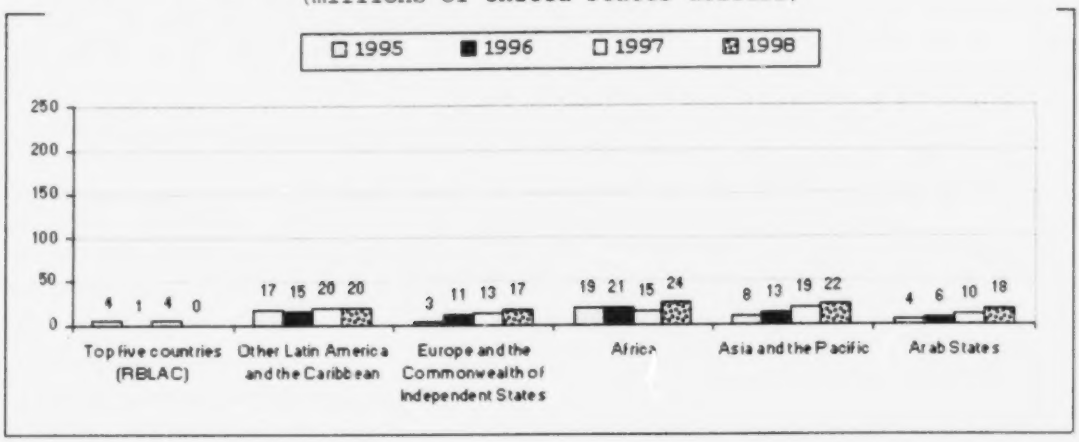
27. The distribution of expenditure incurred under cost-sharing activities by type and region is illustrated in table 7. Figures 8 (government cost-sharing) and 9 (third-party cost-sharing) show the regional distribution of expenditure excluding global and interregional expenditure and the GCCC.

Figure 8. Government cost-sharing expenditure by region, 1995-1998
(millions of United States dollars)



a/ Excludes expenditures for global, interregional and GCCC.

Figure 9. Third-party cost-sharing expenditure by region, 1995-1998
(millions of United States dollars)



a/ Excludes expenditures for global, interregional and GCCC.

28. In the Latin America and Caribbean region, Argentina, Brazil, Colombia, Panama and Peru (the "top five") continue to dominate programme delivery levels under government cost-sharing. The share of these top five countries remained at a high rate of 69 per cent or $720 million in 1998 compared to 73 per cent or $561 million in 1997. On the other hand, their share of delivery under third-party cost-sharing dropped from $4 million in 1997 to less than $1 million in 1998. The share of government cost-sharing expenditure of the rest of the countries in Latin America and the Caribbean region rose from 20 per cent in 1996 to 24 per cent in 1998 (see table 7 and figure 8).

Table 7. Regional distribution of programme expenditure for UNDP cost-sharing, 1996-1998
(millions of United States dollars)

	Third party			Programme governments		
	1998	1997	1996	1998	1997	1996
Top five countries a/	-	4	1	720	561	436
Latin America and the Caribbean (without top five countries)	20	20	15	245	149	114
Europe and the Commonwealth of Independent States	17	13	11	12	7	3
Africa	24	15	21	5	5	7
Asia and the Pacific	22	19	13	13	15	10
Arab States b/	18	10	6	45	26	21
Other expenditure c/	12	6	8	1	1	1
	113	87	75	1 041	764	592

Reference: Table 13, DP/1999/32/Add.1

a/ Argentina, Brazil, Colombia, Panama, Peru
b/ Includes cost-sharing expenditure for occupied Palestinian territory
c/ Includes global and interregional programme and GCCC

3. Balance of unexpended resources

29. The balance of unexpended resources rose from $573 million in 1997 to $660 million in 1998, an increase of $87 million, representing 7 months of 1998 expenditure. This increase in unspent resources is consistent with the full-funding mechanism for cost-sharing, which requires that such activities be fully paid for in advance.

B. Management services agreements

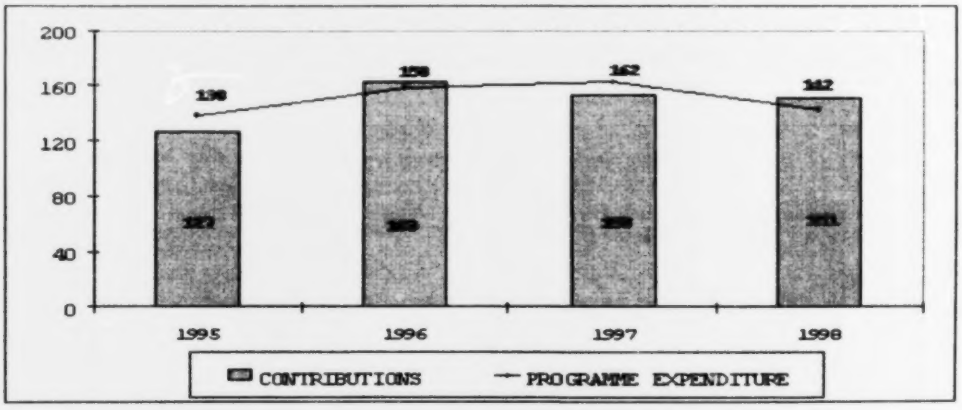
30. MSAs, signed by UNDP with various donors, were all executed by UNOPS. Their financial status is shown in table 8.

Table 8. Income and expenditure for the years ended 31 December 1997 and 1998
(millions of United States dollars)

	MSAs		Change between 1998 and 1997 (percentage)
Income	1998	1997	%
Contributions	151.3	152.8	(1.0)
Interest income	8.1	7.0	15.7
TOTAL INCOME	159.4	159.8	(0.3)
Expenditure			
Programme	141.8	162.0	(12.5)
TOTAL EXPENDITURE	141.8	162.0	(12.5)
Excess (shortfall) of income over expenditure	17.6	(2.2)	-
Refunds and other transfers	1.0	(1.2)	-
Balance of unexpended resources, 1 January	81.6	85.0	(4.0)
Balance of unexpended resources, 31 December	100.2	81.6	22.8
Balance in months of expenditure	9	6	50.0

Reference: Table 4(a), DP/1999/32/Add.1

Figure 10. MSA contributions and programme expenditure, 1995-1998
(millions of United States dollars)



31. In 1998, donors contributed $151 million towards MSA activities, down by $2 million from $153 million in 1997 (see figure 10). Total income, which includes interest income, available for programme activity under MSAs in 1998 amounted to $159 million ($160 million in 1997).

32. As of 31 December 1998, there were 76 active MSAs on which $142 million was spent, $20 million less than in 1997 (see figure 10). During the year under review, 14 new MSAs were implemented and 11 were financially completed; in addition, 19 were operationally completed.

33. The 1998 MSA expenditure was distributed as follows:

Table 9. Distribution of expenditure by region for the years ended 31 December 1997 and 1998
(millions of United States dollars)

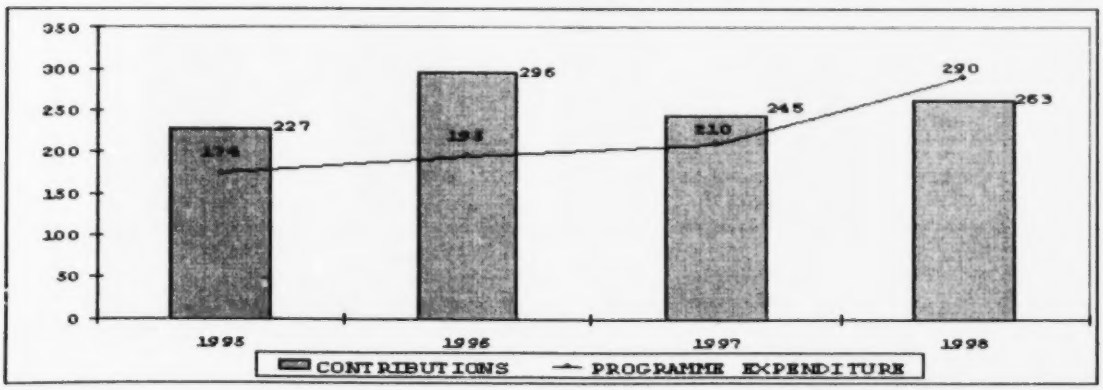
	1998	1997
Region		
Latin America and the Caribbean	64.6	64.5
Africa	44.4	68.9
Europe and the Commonwealth Independent States	18.0	19.1
Arab States	6.9	0.5
Asia and the Pacific	2.9	2.8
Global and interregional	5.0	6.2
TOTAL	141.8	162.0

Source: UNOPS

C. Trust funds

34. Trust funds have continued to grow, especially in the Asia and the Pacific region, the Commonwealth of Independent States region and the Africa region. Table 10 presents a summarized income statement of the trust funds. For the first time since 1993, the total annual expenditure of the trust funds exceeded the total income received, mainly as a result of the activities of the following trust funds: GEF, PAPP, Trust Fund for Rwanda, Trust Fund for Angola. In addition, this increase in expenditure (while income was stable) reflected the spending of higher contributions received in prior years, namely in 1996 (see figure 11).

Figure 11. Trust funds contributions and programme expenditure, 1995-1998
(millions of United States dollars)



1. Income

35. Total contributions for trust funds in 1998 increased by $19 million or 7.8 per cent to $263 million as against $244 million in 1997. In 1998, 36 new trust funds and 58 new sub-trust funds were established. In the same period, 4 trust funds and 1 sub-trust fund were closed. In addition, about 40 trust funds are inactive and appropriate steps are being taken for their closure. For the portfolio of 192 trust funds and 203 sub-trust funds showing activity, total income, which includes interest income, increased by 6.8 per cent or $18 million to $290.3 million from $271.9 million in 1997.

Table 10. Income and expenditure for the years ended 31 December 1997 and 1998 (millions of United States dollars)

	Trust funds (combined)		Change between 1998 and 1997 (percentage)
Income	1998	1997	
Contributions	263.1	244.0	7.8
Interest income	27.1	27.7	(2.2)
Other income-net	0.1	0.2	(50.0)
TOTAL INCOME	290.3	271.9	6.8
Expenditure			
Programme	290.8	209.8	38.6
Programme support:			
Implementing agents	12.8	9.8	29.6
Biennial support budget	16.5	17.0	(2.9)
Other expenditure and write-offs	1.2	0.5	-
TOTAL EXPENDITURE	321.3	237.1	35.5
Excess of income over expenditure	(31.0)	34.8	-
Refunds and other transfers	(27.8)	(2.1)	-
Balance of unexpended resources, 1 January	442.6	409.9	8.0
Balance of unexpended resources, 31 December	383.8	442.6	13.3
Balance in months of expenditure	14	22	

Reference: Table 3(a), DP/1999/32/Add.1

Figure 12. 1998 top ten recipients of trust fund contributions
(millions of United States dollars)

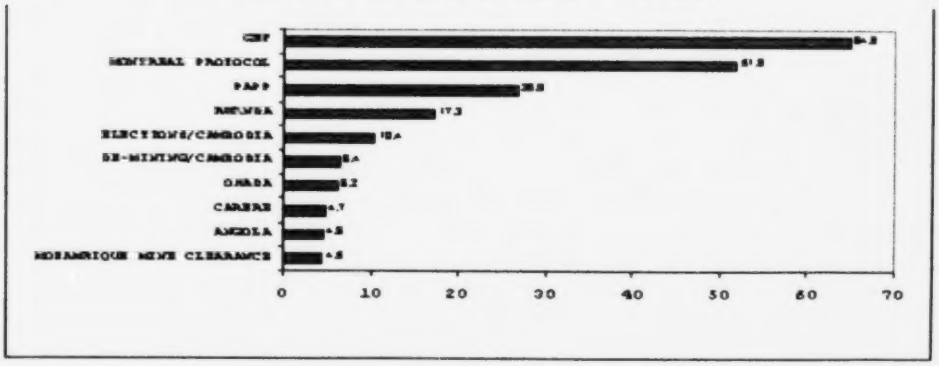


Table 11. Number of trust funds to which the major donors contributed in 1998

Donor	Number of trust funds
Australia	7
Austria	6
Canada	10
Denmark	13
Finland	8
France	3
Germany	6
Ireland	6
Italy	4
Japan	7
Luxembourg	2
Netherlands	41
Norway	15
New Zealand	8
Spain	3
Sweden	44
Switzerland	7
United Kingdom	8
United States	6

Source: UNDP Financial Statements

36. Overall, the environment-related trust funds (GEF and Montreal Protocol) and countries/territories in special situations continued to receive most of the trust funds contributions. The top 10 trust fund recipients in 1998 are shown in table 12 and figure 12.

37. Of the large trust funds, the Montreal Protocol showed the largest absolute increase in contributions, with income growing by $20 million to $52 million in 1998 from $32 million in 1997, a 62.9 per cent growth rate. Contributions to the GEF rose by approximately $14 million to $65 million in 1998 from $51 million in 1997, a 26.7 per cent growth rate. The Trust Fund for the Organization for the Harmonization of Business Law in Africa, the Trust Fund for Support to Cambodia Resettlement and Reintegration Programme (CARERE) and the Mozambique Mine Clearance Programme had an upward trend in their receipt of contributions. The Trust Fund for Elections in Cambodia received approximately $10 million. Other large trust funds all experienced declines in income. PAPP experienced a decline in contributions of approximately $9 million to $27 million in 1998 from $36 million in 1997, a decline of 24.4 per cent. The Trust Fund for Rwanda and Capacity 21 also saw decreases in total contributions.

Table 12. Top 10 recipients of trust fund contributions in 1998 compared to 1997
(millions of United States dollars)

Trust fund	1998	1997
GEF	64.9	51.2
Montreal Protocol	51.8	31.8
PAPP	26.9	35.6
Rwanda	17.3	34.9
Support to Local Elections in Cambodia	10.4	-
De-mining operations in Cambodia	6.4	8.0
OHADA	6.2	1.2
CARERE	4.7	4.3
Trust Fund for Angola	4.6	9.2
Mozambique Mine-Clearance Programme	4.5	1.0
Total	197.7	177.2
Percentage of the total trust fund contribution	75.1	72.6

Reference: Table 17,DP/1999/32/Add.1

2. Expenditure

38. Programme expenditure in 1998 rose significantly by $81 million to $291 million from $210 million in 1997. The Trust Fund for Rwanda recorded expenditure of $30 million in 1998, $12 million more than the $18 million recorded in 1997 followed by the Programme of Assistance to the Palestinian People, which increased total expenditure by $5 million in 1998 to $33 million, up from $28 million in 1997. Expenditure for the Trust Fund for Angola more than doubled to $11 million in 1998 from $5 million in 1997. Other trust funds such as GEF, Montreal Protocol and Capacity 21 were in the top ten list in terms of 1998 expenditure. The GEF trust fund expenditure grew by $11 million to $76 million from $65 million in 1997. The Montreal Protocol trust fund recorded expenditure of $45 million in 1998 compared to $38 million in 1997. The Capacity 21 trust fund increased expenditure to $9 million in 1998 from $8 million in 1997. Total 1998 expenditure for the six trust funds discussed above was $204 million, representing over 63 per cent of project expenditure for all trust funds administered by UNDP.

39. A review of advances to Governments for implementation of national execution projects triggered write-offs for a total of $1.3 million, covering advances that have been long outstanding now and considered unrecoverable. Of this amount, $0.9 million was financed from the United Nations Trust Fund for the Office to Combat Desertification and Drought (UNSO).

3. Balance of unexpended resources

40. The balance of unexpended resources of the trust funds decreased by $59 million to $384 million in 1998 from $443 million in 1997. The majority of the large trust funds such as GEF, PAPP, Trust Fund for Rwanda and Trust Fund for Angola had expenditure levels greater than current-year income, leading to diminution of their the balance of unexpended resources over 1997. The balance of unexpended resources of GEF as at 31 December 1998 decreased by $8.6 million to $30.6 million. The PAPP trust fund showed a decrease of $8 million in its resources balance to $31.2 million at 31 December 1998. The resource balance for the Trust Fund for Rwanda declined $11 million from $41.8 million in 1997 to

$30.8 million in 1998. The balance of unexpended resources of the Montreal Protocol ($98.8 million at 31 December 1998 and $84.9 million at 31 December 1997) represents 25.5 per cent of the total balance of unexpended resources of all trust funds (19 per cent in 1997).

D. Junior Professional Officer programme

41. At the end of 1998, UNDP had 314 Professionals, financed by 20 countries, participating in the JPO programme (276 in the country offices, 30 at headquarters, 5 in UNV and 3 in IAPSO) compared to 337 Professionals in 1997. This 7 per cent decline in the number of participants resulted in a decrease in both income and expenditure.

42. In 1998, a total of $21.4 million in contributions was mobilized for the JPO programme. This was a decrease of $6.1 million over the $27.5 million mobilized in 1997.

43. Expenditure amounted to $27.4 million in 1998, a decline of $0.8 million over the $28.2 million recorded in 1997.

E. Reserve for Field Accommodation

44. With the support of the Executive Board, UNDP is moving towards the disposal of assets and has established provisions for asset write-downs where justified. UNDP currently manages 305 housing units in 23 countries, a reduction from 356 units in 25 countries reported a year ago. Fifty-four of the units are owned by UNDP while 251 units are leased from the Governments of the respective countries.

Table 13. Income and expenditure for the years ended 31 December 1997 and 1998 (millions of United States dollars)

	1998	1997	Change between 1998 and 1997 (percentage)
Income			
Rental income	3.0	3.5	(14.3)
Other income-net	0.2	0.4	(33.3)
Gain (loss) on sales of assets	-	0.1	-
TOTAL INCOME	3.2	4.0	(20.0)
Expenditure			
Repairs and maintenance	1.5	2.2	(31.8)
Other	0.1	0.5	(80.0)
TOTAL EXPENDITURE	1.6	2.7	(40.7)
Operating surplus	1.6	1.3	23.1
Transfer to capitalized rehabilitation costs	(2.0)	-	-
Cumulative surplus (deficit), 1 January	(6.1)	(7.4)	17.6
Cumulative deficit, 31 December	(6.5)	(6.1)	(6.6)

Reference: Table 19, DP/1999/32/Add.1

45. The aggregate summary of the RFA accounts is shown in table 13. Table 19 of the addendum shows separate statements of income and expenditure and assets and liabilities for the RFA. Separate figures are set out for the office premises operations, for the housing operations and for the reimbursable support services. The total office premises assets as at 31 December 1998 amount to $20.8 million while the total housing and related assets amount to $17.2

million. The net amount due to UNDP regular resources has decreased from $17.5 million at 31 December 1997 to $15.5 million at 31 December 1998.

46. In 1998, the housing operations reported a surplus of income over expenditure totaling $1 million while the office premises operations reported a surplus of $0.3 million.

47. Claims totalling $19,315 were settled in 1998. In early 1999, additional claims totalling $124,518 were settled. In addition, contingent claims amounted to $2.6 million as at 31 May 1999; UNDP does not, however, recognize their validity.

48. Deferred charges for the Household Appliance Rental Scheme (HARS) totalling $0.3 million were written-off in 1998. Since this amount had been provided for in 1996/1997, its write-off had no impact on the 1998 income statement.

49. The balance of capitalized rehabilitation costs (housing) in Samoa amounting to $17,637 was written-off in 1998. The residence was officially returned to the Government of Samoa since it was not cost effective to maintain it. This action is in keeping with the provisions of Executive Board decision 96/40 of 13 September 1996 to phase out housing operations whenever feasible.

50. The initial provision for asset write-down of $14.1 million was set up in 1996-1997 on the basis of management's best estimate of RFA assets impairment as at 31 December 1997. Information available indicates that the balance remaining as at 31 December 1998 of $11.2 million remained adequate.

51. Accumulated rental income of $2 million was applied towards reducing the capitalized rehabilitation costs for housing in 1998.

IV. FUNDS ADMINISTERED BY UNDP

52. Table 5(a) in the addendum provides detailed data for the five funds administered by UNDP. The results of activities undertaken in 1998 are outlined in the present chapter.

53. Contributions increased overall by 10 per cent, with UNIFEM accounting for 87 per cent of the increase. Overall expenditure increased by 12 per cent, mainly from UNIFEM and UNCDF.

1. United Nations Capital Development Fund

54. In 1998, UNCDF continued its focus on enhancing the quality of its programmes and on policy development by: following the strategies set out in the 1995 policy paper entitled "Poverty Reduction, participation and Local Governance"; implementing the recommendations of the 1996 capacity assessment study; and improving delivery. Project delivery in 1998 was $43 million as compared to $38 million the previous year. However, project approvals decreased to $41 million in 1998 compared to $65 million in 1997. The decrease was mainly due to a change in thematic focus and a slow-down in activity in various UNCDF

programme countries in crisis. Donor contributions to the UNCDF in 1998 amounted to $34 Million, the same level as in 1997.

55. UNCDF conducted an in-depth, thematic review of its products, including Local Development Fund, Micro-Finance and Blueprint Infrastructure projects in order to evaluate major successes, failures and lessons learned, and to address future priorities. It also continued its focus on the overall, donor-led evaluation of the Fund's activities. The Fund plans to submit the said report to the Board at the third regular session.

2. United Nations Development Fund for Women

56. In May 1997, the Executive Board approved the UNIFEM Strategy and Business Plan for the period 1997-1999. Since then, UNIFEM has been implementing its plan focusing on its three thematic areas and adopting the principles of results-based management. The objectives of the Strategy and Business Plan include the expansion of the donor base and increase in donor contributions.

57. Total contributions for UNIFEM increased by $5.2 million or 30 per cent to $22.7 million from $17.5 million in 1997. This increase was mainly due to a voluntary contribution of $3.2 million from a major donor, together with a net increase of $1.5 million in cost-sharing and trust fund contributions.

58. Project expenditure for regular resources increased by $3.5 million or 53 per cent to $10.1 million from $6.6 million in 1997. Expenditures for cost-sharing and trust fund projects increased slightly from $4.0 million in 1997 to $4.3 million in 1998.

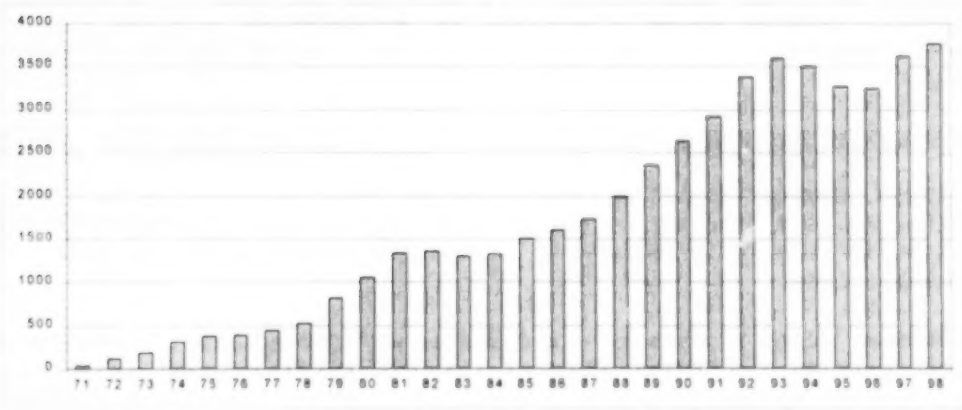
59. In the normal course of business, advances were made to Governments to enable the implementation of national execution projects. Long-outstanding advances to Governments totalling $0.2 million that were deemed unrecoverable were written off during the year and are included in "other expenditure" in table 5(a) of the addendum.

60. The balance of unexpended resources as at 31 December 1998 totalled $17.0 million, an increase of $4.7 million over the 1997 total of $12.3 million. These resources cover the unspent project budget allocations of $15.0 million for 1998 and future years. The level of the operational reserve was reviewed in accordance with Executive Board decision 97/4 of January 1997, and was increased to $5.0 million at the end of 1998.

3. United Nations Volunteers

61. In 1998, UNV continued to expand its work in the world. During the year, 3,766 volunteers, the largest number ever, an increase of 4 per cent over 1997, served in 148 countries. They worked in different capacities as: international UNV specialists (2,447); national UNVs (1,088); UNV fieldworkers (168); UNISTAR short-term advisors for business and industry (63).

Figure 13. Growth in number of United Nations Volunteers, 1971-1998



62. As shown in table 14, contributions were nearly stable ($10.6 million in 1998 against $11.0 million in 1997). In addition, an amount of $6.3 million was received in 1998 in connection with fully funded arrangements, which represent activities carried out by UNV in accordance with specific requests from donor Governments. In this modality, contributions are paid in advance on the basis of cost-estimates for the duration of volunteers' assignments.

Table 14. Contributions for 1998 and 1997
(millions of United States dollars)

Modality	1998	1997
Special Voluntary Fund	3.0	3.2
Cost-sharing	0.1	0.3
Trust funds	7.5	7.4
Subtotal	10.6	10.9
Fully funded arrangements	6.3	6.7
Total	16.9	17.6

Source: UNV

63. Programme expenditure financed by the Special Voluntary Fund and by cost-sharing increased significantly in 1998 as UNV made a conscious effort to programme available resources aggressively. There was a decrease in the programme expenditure of trust funds since certain projects are in the final phase of operational activities.

Table 15. Programme expenditures for 1998 and 1997 a/
(millions of United States dollars)

Modality	1998	1997
Special Voluntary Fund	5.3	4.0
Cost-sharing	0.2	0.1
Trust funds	7.5	8.6
Subtotal	13.0	12.7
Fully funded arrangements	6.2	4.5
Total	19.2	17.2

Source: UNV

a/ Exclusive of activities carried out by UNV on behalf of UNDP and other United Nations agencies.

64. In line with Executive Board decision 98/13, a reserve for security and medical evacuation costs was established in 1998 with initial funding of $0.9 million. In 1998, $0.2 million was utilized for medical evacuation costs. The available balance of $0.7 million at 31 December 1998 is deemed to be adequate in view of the activities carried out during the first year of the reserve.

4. United Nations Revolving Fund for Natural Resources Exploration

65. In 1998, UNRFNRE contributions increased from $0.1 million in 1997 to $1.6 million in 1998. Project expenditure decreased from $0.6 million in 1997 to $0.3 million in 1998. The balance of unexpended resources was $4.1 million as at 31 December 1998.

66. Technical support costs remained stable at $0.2 million. These costs are an integral part of the project budgets that the Fund executes, an operating modality approved by the Governing Council for UNRFNRE operations. These technical support costs are reflected as project expenditures when reporting to the Governments of programme countries.

67. At the first regular session 1999, several delegations expressed concern about the purpose of the Fund. Other delegations requested more information on the activities of the Fund before they could endorse its continuation. An in-depth analysis of the Fund will be undertaken and a report will be submitted to the Executive Board at its annual session 2000 by the Bureau for Development Policy.

5. United Nations Fund for Science and Technology for Development

68. As noted in paragraph 5 of the annual review of the financial situation, 1997 (DP/1998/29), UNFSTD will soon be closing its activities. For 1998, $0.06 million was received in contributions compared to $0.08 million received in 1997. As at 31 December 1998, the balance of unexpended resources was $0.8 million.

69. In the normal course of business, advances were made to Governments to enable implementation of national execution projects. Reconciled amounts totalling $0.1 million, which were deemed unrecoverable, were written off and are included in "other expenditure" in table 5(a) of the addendum.

70. The Bureau for Development Policy will appoint an interim Programme Manager for UNFSTD who will oversee the closure of the fund.

V. UNDP OVERALL

71. The present section focuses - at the aggregate level - on UNDP operational activities and the resultant unexpended balances. In addition, table 1 of the addendum presents a summary of all activities undertaken by UNDP as earlier defined in the introduction to the present report. Although the data is broken down by type of activity, the figures have been aggregated to facilitate the overview of the overall financial situation of UNDP.

A. Income

72. The overall income received in 1998 totalled $2.7 billion, of which $2.5 billion represented contributions. Of these contributions, $746 million, or 28 per cent, pertained to regular resources activities (core resources and SMF/LDC); $1.7 billion, or 68 per cent, to other resources activities (cost-sharing, GCCC, trust funds established by the Administrator, and other activities); and the remaining $69 million, or 4 per cent, to funds established by the General Assembly (UNCDF, UNFSTD, UNRFNRE, UNIFEM and UNV).

73. The contributions received in 1998 represent a 15 per cent increase over those received in 1997. As noted earlier, the contributions to regular resources continue to decline while contributions to other resources showed a sharp increase of 25 per cent over 1997 compared to an increase of only 6 per cent in 1997 over 1996.

74. As shown in table 16, the total value of the contributions received from the top 15 non-programme country donors amounts to $1.0 billion and represents 97 per cent of total contributions received from non-programme countries (1997: $989 million - 96 per cent), while government cost-sharing has increased steadily since 1995.

Table 16. Top 15 non-programme country donors in contributions for selected UNDP activities,1998 a/
(millions of United States dollars)

Donor	Regular resources	Trust funds, third-party cost-sharing and MSAs	Funds	Total
United States b/	96	24	1	121
Denmark	85	12	9	106
Netherlands	82	45	13	140
Japan	80	51	9	140
Norway	75	26	6	107
Sweden	60	31	6	97
Germany	57	1	4	62
United Kingdom	50	9	2	61
Switzerland	42	6	3	51
Canada	29	5	1	35
Belgium	12	2	2	16
Finland	11	9	-	20
Italy	11	16	1	28
Austria	10	3	-	13
Australia	8	7	1	16
Total	708	247	58	1 013

Reference: Table 7, DP/1999/32/Add.1

a/ Ranked on the basis of regular resources income received in 1998.
b/ Contributions to regular resources of $96 million include the portion used for the reimbursement of income taxes levied on UNDP staff ($5.2 million).

B. Expenditure

75. Expenditure for all programme activities was $2.7 billion in 1998 compared to $2.4 billion in 1997, an increase of 13 per cent or $300 million over 1997. Of the $2.7 billion in 1998 total expenditure, $2.3 billion (85 per cent) represented programme/project activities while $74.2 million (3.2 per cent) was devoted to support costs to implementing agents. In addition, programme support to the resident coordinator amounted to $11 million and $328 million was provided for UNDP biennial support.

C. Balance of unexpended resources

76. Overall balance of unexpended resources remained stable, $1.60 billion in 1998 and $1.61 billion in 1997.

77. There was a decline of $73 million (26 per cent) in the unexpended balances of regular resources - from $285 million in 1997 to $212 million in 1998. Other resources activities, which account for 79 per cent of the combined unexpended resources balance, increased by 6 per cent. Therefore, the impact of the 26 per cent reduction of the regular resources balance was not apparent.

VI. OTHER ISSUES

78. The Administrator wishes to draw the attention of the Executive Board to three financial management issues that do not pertain directly to the 1998 financial situation. The first of these issues, forecasts for future contributions, expenditure and resulting resources available, is dealt with in the 2000-2001 budget strategy reflected in document DP/1999/31, before the board at its current session.

79. The second issue concerns the report of the Board of Auditors, on the biennium 1996-1997 (A/53/5/Add.1), qualified its audit opinion on the basis of a limitation in scope as a result of insufficient audit assurance regarding $520 million of national execution expenditure for which no audit reports had been received. As of May 1999, additional audit reports for expenditure totalling $33.2 million have been received. The Office of Audit and Performance Review is continuing its efforts to ensure that most of these audit reports are received in the current biennium. The Administrator has appealed to programme country Governments to continue to work with UNDP to raise compliance levels.

80. Third, the Administrator wishes to inform the Executive Board of his interpretation of Financial Regulations 8.12 and 2.2M(ii) with regard to a specific activity financed through a trust fund modality. These two Financial Regulations regulate the size of micro-capital grants that may be provided by UNDP to external entities. The regulations authorize the use of grants up to a maximum of $150,000 per individual grant. In the case in question, the terms of the proposed trust fund agreement with the donor specifically called for UNDP to use the donor's contribution to make grants in excess of the $150,000 limit. The grants were to be made in connection with the implementation of a project in Croatia designed to promote the reintegration of refugees and internally displaced persons and were to be used by local commercial banks to create guaranteed funds against the risk that they incur in lending to project beneficiaries. At the end of the project and in accordance with the strict conditions of the grant agreement, the funds were to be transferred by the grantee banks to an appropriate local institution that would continue this type of "credit insurance".

81. Given the importance of the project objectives for Croatia, and in light of the donor's specific instructions for the use of the contribution, the Administrator took the decision to accept the terms of the agreement and to proceed with the grants even though the amounts were in excess of $150,000. In

arriving at this decision, the Administrator interpreted the Financial Regulations noted above as being intended to place overall limitations on the issuance of grants from regular resource funds. The Administrator is of the opinion that a donor using a trust fund arrangement may reasonably request UNDP to provide grants through a project funded by their contribution in whatever amount the donor designates, provided that the purposes of the project activities for which the grants are being provided fall within the UNDP mandate.

82. As part of the review of UNDP Financial Regulations, the Administrator intends to propose to the Executive Board a revised articulation of regulations pertaining to grants.

VII. EXECUTIVE BOARD ACTION

83. The Executive Board may wish to note:

(a) the continuing decline in voluntary contributions to UNDP regular resources and the resulting low level of expenditure;
(b) the likelihood of the cash-flow problem if donors do not comply with their commitment for early and timely payment of contributions;
(c) the continuing increase in other resources activities, namely in government cost-sharing;
(d) the additional audit reports on the 1997 combined delivery report received in 1998 and in the first half of 1999;
(e) the managerial decision taken by the Administrator to interpret the grant limit set up in the Financial Regulations 8.12 and 2.2M(ii) as applying to regular resources only.

Annex

UNDP OVERVIEW: STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER

(millions of United States dollars)

	Regular resources			Other resources			Funds			Total		
	1998	1997	+/-	1998	1997	+/-	1998	1997	+/-	1998	1997	+/-
INCOME												
Net contributions	745.70	760.90	(2%)	1 719.40	1 376.20	25%	68.80	62.80	10%	2 533.90	2 199.90	15%
Interest income	37.80	36.20	4%	63.40	59.00	7%	9.90	10.20	(3%)	111.10	105.40	5%
Other income: net	1.80	1.60	13%	41.00	26.50	55%	7.70	11.40	(32%)	50.50	39.50	28%
TOTAL INCOME	785.30	798.70	(2%)	1 823.80	1 461.70	25%	86.40	84.40	2%	2 695.50	2 344.80	15%
Programme	587.60	654.30	(10%)	1 614.80	1 252.90	29%	70.60	61.60	15%	2 273.00	1 968.80	15%
Programmes support costs	50.40	65.80	(23%)	33.70	26.20	27%	2.30	2.10	10%	86.40	94.10	(8%)
Biennial support budget: net	234.20	240.80	(3%)	80.30	65.90	22%	13.90	13.60	2%	328.40	320.30	3%
Other expenditure and write-offs	9.30	35.00	73%	1.30	1.00	(30%)	0.20	0.30	33%	10.80	36.30	4%
TOTAL EXPENDITURE	881.50	995.90	(12%)	1 730.10	1 346.00	29%	87.00	77.60	12%	2 698.60	2 419.50	12%
EXCESS(SHORTFALL) OF INCOME OVER EXPENDITURE	(96.20)	(197.20)	51%	93.70	115.70	(19%)	(0.60)	6.80	-	(3.10)	(74.70)	96%
Savings on obligations of prior biennium	3.80	-	-	1.00	-	-	-	-	-	4.80	-	-
Transfers from (to) reserves	20.00	(30.00)	-	-	-	-	(2.40)	(4.30)	44%	17.60	(34.30)	-
Refunds to donors and transfers from (to) from other funds	(0.50)	(0.60)	17%	(28.30)	(2.70)	(95%)	-	-	-	(28.80)	(3.30)	-
Balance of unexpended resources, 1 January	285.00	512.80	(44%)	1 197.80	1 084.80	10%	126.90	124.40	2%	1 609.70	1 722.00	(7%)
BALANCE OF UNEXPENDED RESOURCES, 31 DECEMBER	212.10	285.00	(26%)	1 264.20	1 197.80	6%	123.90	126.90	(2%)	1 600.20	1 609.70	(1%)

Reference: Table 1(a), DP/1999/32/Add.1

	Regular resources			Other resources			Funds			Total		
	1998	1997	+/-	1998	1997	+/-	1998	1997	+/-	1998	1997	+/-
ASSETS												
Cash	-	-	-	4.00	2.60	54%	0.50	1.50	(67%)	4.50	4.10	10%
Government letters of credit	-		-	41.10	0.40	-	-	-	-	41.10	0.40	-
Investments held for												
Operational reserve	180.00	200.00	(10%)	-	-	-	50.00	48.50	3%	230.00	248.50	(7%)
Regular resources	197.30	257.50	(23%)	-	-	-	112.20	132.70	-	309.50	390.20	(21%)
Other	974.60	958.40	2%	344.50	276.20	25%	-	-	(15%)	1 319.10	1 234.60	7%
Subtotal investments	1 351.90	1 415.90	(5%)	344.50	276.20	25%	162.20	181.20	(10%)	1 858.60	1 873.30	(5%)
Total cash, letters of credit and investments	1 351.90	1 415.90	(5%)	389.60	279.20	40%	162.70	182.70	(11%)	1 904.20	1 877.80	1%
Advances from Governments and executing agencies	104.00	111.90	(7%)	174.30	154.70	13%	1.30	3.10	(58%)	279.60	269.70	4%
Accounts receivable and deferred charges	125.00	130.30	(4%)	1 074.10	1 064.30	1%	29.00	15.20	91%	1 228.10	1 209.80	2%
Accrued interest	6.00	13.20	(55%)	13.10	17.90	(27%)	1.70	3.80	(55%)	20.80	34.90	(40%)
Long-term accounts receivable	-	-	-	1.00	1.10	(9%)	-	-	-	1.00	1.10	(9%)
Special capitalized assets	1.60	1.60	-	35.50	38.10	(7%)	-	-	-	37.10	39.70	(7%)
Loans to Governments	-	-	-	1.40	1.80	(22%)	3.80	5.60	(32%)	5.20	7.40	(30%)
TOTAL ASSETS	1 588.50	1 672.90	(5%)	1 689.00	1 557.10	8%	198.50	210.40	(6%)	3 476.00	3 440.40	1%
LIABILITIES												
Advances to Governments and executing agencies	10.30	9.40	10%	28.20	34.10	(17%)	3.60	3.80	(5%)	42.10	47.30	(11%)
Unliquidated obligations	52.20	68.40	(24%)	183.20	174.50	5%	9.00	7.90	14%	244.40	250.80	(3%)
MSAs	-	-	-	20.30	1.20	-	-	-	-	20.30	1.20	-
Accounts payable	37.80	45.70	(17%)	53.20	44.70	19%	4.90	2.40	-	95.90	92.80	3%
Due to other resources	1 069.10	1 048.70	2%	-	-	-	1.00	15.50	(94%)	1 070.10	1 064.20	1%
Other liabilities	25.30	14.10	79%	111.90	79.80	40%	6.10	5.40	13%	143.30	99.30	44%
TOTAL LIABILITIES	1 194.70	1 186.30	1%	396.80	334.30	19%	24.60	35.00	(30%)	1 616.10	1 555.60	13%
RESERVES AND FUND BALANCES												
Operational reserve	180.00	200.00	(10%)	-	-	-	50.00	48.50	3%	230.00	248.50	(7%)
Endowment Fund	-	-	-	3.00	-	-	-	-	-	3.00	-	-
RFA authorized level	-	-	-	25.00	25.00	-	-	-	-	25.00	25.00	-
Special capital resources	1.60	1.60	-	-	-	-	-	-	-	1.60	1.60	-
Balance of unexpended resources	212.10	285.00	(26%)	1 264.20	1 197.80	6%	123.9	126.90	(2%)	1 600.30	1 609.70	(1%)
Balance of unexpended resources and special capital resources	213.70	286.60	(25%)	1 264.20	1 197.80	6%	123.90	126.90	(2%)	1 601.90	1 611.30	(1%)
TOTAL RESERVES AND BALANCE OF UNEXPENDED RESOURCES	393.70	486.60	(19%)	1 292.20	1 222.80	6%	173.90	175.40	(1%)	1 859.90	1 884.80	(1%)